

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2015 First Round
June 10, 2015

Project Number CA-15-048

Project Name The Meridian Apartments
 Site Address: 215 N. Vermont Avenue
 Los Angeles, CA 90004 County: Los Angeles
 Census Tract: 2112.020

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: AMCAL Meridian Fund, L.P.
 Contact: Arjun Nagarkatti
 Address: 30141 Agoura Road, Suite 100
 Agoura Hills, CA 91301
 Phone: 818.706.0694 Fax: 818.865.1813
 Email: arjun@Amcalhousing.com

General Partner(s) / Principal Owner(s): AMCAL Multi-Housing Two, LLC
 Korean Churches for Community Development

General Partner Type: Joint Venture

Parent Company(ies): AMCAL Multi-Housing, Inc.
 Korean Churches for Community Development

Developer: AMCAL Enterprises, inc.

Investor/Consultant: Union Bank, N.A.

Management Agent(s): FPI Management

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 100

No. & % of Tax Credit Units: 99 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HOME

Affordability Breakdown by Units and % (Lowest Income Points):

30% AMI:	10	10 %
35% AMI:	10	10 %
40% AMI:	10	10 %
45% AMI:	10	10 %
50% AMI:	10	10 %

Information

Set-Aside: N/A
 Housing Type: Large Family
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

Unit Mix

2 SRO/Studio Units
 41 1-Bedroom Units
 24 2-Bedroom Units
 33 3-Bedroom Units

 100 Total Units

<u>Unit Type & Number</u>	<u>2014 Rents Targeted % of Area Median Income</u>	<u>2014 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 SRO/Studio	60%	60%	\$856
3 1 Bedroom	30%	30%	\$458
10 1 Bedroom	35%	35%	\$535
10 1 Bedroom	40%	40%	\$611
4 1 Bedroom	45%	45%	\$687
4 1 Bedroom	50%	50%	\$764
10 1 Bedroom	60%	60%	\$917
3 2 Bedrooms	30%	30%	\$550
3 2 Bedrooms	45%	45%	\$825
2 2 Bedrooms	50%	50%	\$917
15 2 Bedrooms	60%	60%	\$1,101
4 3 Bedrooms	30%	30%	\$636
3 3 Bedrooms	45%	45%	\$954
4 3 Bedrooms	50%	50%	\$1,060
22 3 Bedrooms	60%	60%	\$1,272
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,283,840
Construction Costs	\$25,285,082
Rehabilitation Costs	\$0
Construction Contingency	\$1,296,273
Relocation	\$0
Architectural/Engineering	\$1,235,000
Construction Interest, Perm Financing	\$2,254,232
Legal Fees, Appraisals	\$120,000
Reserves	\$295,604
Other Costs	\$2,116,570
Developer Fee	\$2,000,000
Commercial Costs	\$807,764
Total	\$44,694,365

Project Financing

Estimated Total Project Cost:	\$44,694,365
Estimated Residential Project Cost:	\$43,886,601
Estimated Commercial Project Cost	\$807,764

Residential

Construction Cost Per Square Foot:	\$287
Per Unit Cost:	\$438,866

Construction Financing

Source	Amount
Union Bank, N.A.	\$32,613,608
HCIDLA - AHTF / HOME	\$7,685,153
Deferred Costs	\$295,604
Deferred Developer Fee	\$1,400,000
Tax Credit Equity	\$2,700,000

Permanent Financing

Source	Amount
Union Bank, N.A.	\$5,134,212
HCD - TOD	\$4,000,000
HCIDLA - AHTF / HOME	\$7,685,153
Deferred Developer Fee	\$875,000
Tax Credit Equity	\$27,000,000
TOTAL	\$44,694,365

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,007,600
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$32,509,880
Applicable Rate:	7.69%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	Union Bank, N.A.
Federal Tax Credit Factor:	\$1.08000

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$25,007,600
Actual Eligible Basis:	\$33,126,668
Unadjusted Threshold Basis Limit:	\$24,156,062
Total Adjusted Threshold Basis Limit:	\$33,765,813

Adjustments to Basis Limit:

- Required to Pay Prevailing Wages
- Parking Beneath Residential Units
- Local Development Impact Fees
- 95% of Upper Floor Units are Elevator-Serviced

Tie-Breaker Information

First: **Large Family**
Second: **39.606%**

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 7.69% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None.

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Local Reviewing Agency:

The Local Reviewing Agency, the Los Angeles Housing and Community Investment Department, has completed a site review of this project and strongly supports this project.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$2,500,000	\$0

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(6) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Additional Conditions: None.

Points System	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency / Credit Reduction / Public Funds	20	20	20
Public Funds	20	20	20
Owner / Management Characteristics	9	9	9
General Partner Experience	6	6	6
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit stop, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	2	2	2
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1/2 mile of a public middle school that project children may attend	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within ½ mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, minimum 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Sustainable Building Methods	10	10	10
NEW CONSTRUCTION			
Develop project in accordance w/ requirements of: LEED	5	5	5
Develop project to requirements of: LEED Gold	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of units @ 30% AMI or less	2	2	2
Readiness to Proceed	20	20	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	148	148	138

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.